

MAINE GAMBLING CONTROL BOARD

October 21, 2014

09:00 – 11:00

45 Commerce Drive Suite 3

Augusta, Maine 04333

Meeting opened at 9:00 am

Board members present: Tim Doyle, Chair; Barbara Dresser, Joe Laliberte, Bob Harmon

Staff present: Office Specialist I Janine Collins, Detective Don Armstrong, Auditor Donald Berrie, Inspector Supervisor Vicki Gardner, Office Assistant II Harley Murray, Executive Director Patrick Fleming.

Legal counsel present: Assistant Attorney General Lauren LaRochelle

Introductions:

The Board introduced themselves followed by introductions of the staff and counsel by Executive Director Fleming.

Review of the minutes 09/16/2014

Motion to accept the minutes as presented: Joe Laliberte, Board Member

Seconded: Barbara Dresser, Board Member

Vote: Unanimous

Executive Director Report –

Legislature – At the last Board meeting Director Fleming advised the Board that the Veterans and Legal Affairs Committee had received the presentation and report on the study of gaming. The resolve that commissioned that report also allowed the Veterans and Legal Affairs Committee to meet outside of the legislative session to discuss the report and make recommendations to the next legislature on the future of gaming in Maine. At this point the committee has not scheduled any meetings and it probably won't until after the election.

Training – Director Fleming informed the Board that Auditor Tobey is attending the week long auditors training provided by the University of Nevada – Las Vegas. This training was attended by Auditor Berrie, and Director Fleming attended the first part of the training shortly after starting with the Board.

Progressives – At the last meeting Director Fleming advised the Board that we had been in discussions with Scientific Games regarding equipment for the Oxford Casino to set up several additional banks of progressives. Director Fleming has been informed that the equipment is in the state and Scientific Games is coordinating with the Oxford Casino to have the installation done.

Rules – Part of the Internal Controls rule passed by this Board has gone into effect. By statute, any rule related to the oversight of table games has to be presented to the Veterans and Legal Affairs Committee before being adopted. Instead of waiting and holding up all the new internal controls, we separated out most of the table game specific changes and sent them to the legislature and put the other changes through as approved by the Board. Some of the major changes that are now part of the rules are that the casinos can take chips as payment for food and beverages on the casino floor, all licensed employees on the casino floor will have to have their license visible on their person while working, and the gaming software and other software delivery process has been refined.

The change in the delivery of software will allow non-gaming software to be shipped directly to the casinos after we are notified that it is being sent and gaming software will now be sent to the GCB offices at the casinos for check in prior to it being used in a slot machine. Prior to this change all software was coming here and we were delivering it to the casinos. A lot of the software being delivered did not involve the actual playing of the

games so it was taking up office time to receive, process, and deliver when it really had no effect on the games. We will have Inspectors at the casinos trained to review the gaming software and check with Scientific Games before releasing it to the casinos to ensure that it is the appropriate software.

In the matter of the visible license we have two options for implementation that will enable the license number to be visible on the front and the name of the employee to be concealed on the back of the license. The first option would be to print new licenses for all employees; this would require the printing of over 2,000 licenses and some that are in the renewal process would get one now and then another one when they renew. Another option would be to contact the casinos and see if there are any employees that would need the new license now and we could accommodate them now and then change everyone else over as they renew. The Board agreed that whatever decision was made between Director Fleming and the casinos would be appropriate and supported by the Board.

Exclusion List – We now have 106 patrons on the State of Maine Exclusion list. Last weekend the system was put to the test and a person who excluded at the Hollywood facility was caught trying to gamble at the Oxford Casino and was removed.

Employee Renewal Application - The changes that the Board approved to clarify the employee and key executive renewal applications have been made and the application is now on the website. Director Fleming is hoping that this will clear up some of the confusion with what information is required for renewal. We have also purchased some new software and replaced Gina's computer so she can update our website. She is currently working with the new software and hopefully we will have an updated website soon.

November Meeting in Oxford – Director Fleming has contacted the town manager in Oxford and has arranged to use their council room for the November Board meeting on November 18th. Director Fleming will send out invitations to the local dignitaries to attend the meeting as he has in the past.

Financial Update: Auditor Donald Berrie

The Board has already received a tax revenue analysis for the period ended September 30, 2014, year-to-date 2014 and for three complete quarters in calendar year 2014. Total tax revenue for September 2014 declined by \$91,690, or 2% lower from September 2013. September year-to- date 2014 tax revenue lagged 2013 by \$774,504 or 2%. We now have full data for calendar quarter three of 2014 and it lags the same period in 2013 by \$178,537 or 1%. You will note that in each quarter of 2014 table game tax revenue has increased over the prior year while slot tax revenue has declined. Auditors have gone back to review five quarters total revenue beginning July 1, 2013. A summary of each quarter's overall revenue is as follows:

Quarter ending September 30, 2013	9% increase over the prior year
Quarter ending December 31, 2013	1% increase over the prior year
Quarter ending March 31, 2014	2% decline
Quarter ending June 30, 2014	2% decline
Quarter ending September 30, 2014	1% decline

With the beginning of fiscal year 2015 in July, Auditor Berrie revised the format of the revenue trend chart to incorporate three fiscal years into one trend chart. Each month will have three bars displaying revenue amounts for fiscal years 2013, 2014 and 2015. While continuing to represent revenue trends throughout the year, this format will put revenue in context with the prior two years. The monthly revenue pattern seems to be remaining consistent. The distribution of tax revenues is available on the "Revenue Totals" tab of the Gambling Control Board web site. Both venues remain in compliance with slot machine payback percentage requirements through the third calendar quarter ending September 30th.

The Auditors continue to collect and analyze this data on a daily basis and monitor for any corrective action that may be needed.

State Police Update: Detective Don Armstrong

Detective Armstrong reports that crime has been down at both casinos and attributes that to work done by casino employees. In September, Detective Armstrong went to Las Vegas to conduct interviews on Global Cash Access (GCA) employees. Detective Armstrong reports no issues at this time with GCA and is currently finishing interviews. Detective Armstrong provided the Board with the form that will be used when a suspect cannot be identified in a case of counterfeit bill use. The Secret Service provided the form, SSF 1604, which will be sent into the Secret Service directly from the casinos. If there is a suspect, the casino will hold onto the bill and contact Detective Armstrong to investigate. Work on the application process continues. Last month, 56 applications were processed, 60 are still pending.

Unfinished Business:

Sci Games/Bally Acquisition: Director Fleming reports that MacPage reviewed the merger and reports that Scientific Games may be in a better place financially as a result of this merger.

Motion: Bally Gaming, Inc. continues to meet suitability and financial requirements, Joe Laliberte

Seconded: Bob Harmon

Vote: Unanimous

Gambling Control Board Policy #2; Non-Gambling Policy for Employees: The language in this policy has been changed to reflect current practice.

Motion to accept policy as amended, Joe Laliberte

Seconded: Bob Harmon

Vote: Unanimous

Gambling Control Board Policy #3; Record Retention Schedule: The policy has been amended, primarily in accordance with the General Agency Retention Schedule. Director Fleming will look into making a Gambling Control Board record retention schedule part of the Department of Public Safety policy on record retention, as approved by Archives.

Motion to accept policy as amended, Joe Laliberte

Seconded: Barbara Dresser

Vote: Unanimous

Gambling Control Board Policy #4; Reconciliation of Machine Meters: The auditors, with input from Sci Games personnel, updated this policy to reflect current practices.

Motion to accept policy as amended, Joe Laliberte

Seconded: Bob Harmon

Vote: Unanimous

Gambling Control Board Policy #9; Wording in policy has been changed from Racino to Casino.

Motion to accept policy as amended, Joe Laliberte

Seconded: Bob Harmon

Vote: Unanimous

New Business: No new business.

Public Comment: Jack Sours from Oxford Casino reported that for Breast Cancer Awareness Month, Oxford Casino was able to contribute to Cans for a Cure and also public awareness ads on TV. Oxford Casino also raised over \$30,000 for the United Way of Oxford County.

Motion: to adjourn Joe Laliberte

Second: Bob Harmon

Vote: Unanimous

Meeting Adjourned: 9:40

Next meeting is November 18, 2014 @9am @ Oxford Town Office: 85 Pleasant Street, Oxford, Maine

Respectfully submitted, Harley Murray, Office Assistant II